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January 4, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *[Signature]*
Auditor-Controller

SUBJECT: **MARAVILLA FOUNDATION CONTRACT – A COMMUNITY AND
SENIOR SERVICES WORKFORCE INVESTMENT ACT PROGRAM
PROVIDER**

We have conducted a program, fiscal and administrative contract review of Maravilla Foundation (Maravilla or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with Maravilla, a private non-profit agency to provide and operate the WIA Youth Program. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Maravilla is located in the First District.

Maravilla is compensated on a cost reimbursement basis. Maravilla's contract is for \$215,118 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether Maravilla complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a selected number of the Agency's staff and clients.

Results of Review

Maravilla provided the required program services, maintained sufficient internal controls over its business operations and the Agency's expenditures were allowable, properly documented and accurately billed. In addition, Maravilla met the planned performance measures outlined in the County contract for FY 2006-07. At the time of our review, the performance outcomes for FY 2007-08 were not available. As such, we verified whether the Agency met the planned performance measures for FY 2006-07. Details of our review are attached.

Review of Report

We discussed our report with the Agency's management. There are no recommendations in this report. A corrective action plan is not necessary at this time.

We thank Maravilla for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Mary Loya, Operations Manager, Maravilla Foundation
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
MARAVILLA FOUNDATION
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Maravilla Foundation (Maravilla or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for six (12%) of the 52 participants that received services between July and November 2007 for documentation to confirm their eligibility for WIA services.

Results

All six participants met the eligibility requirements for the WIA Youth Program.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for six (12%) participants that received services from July through November 2007. We also interviewed four participants/guardians.

Results

The four participants/guardians interviewed stated that the services the participants received met their expectations. In addition, the case files for all six program participants contained documentation to support the services billed to Community and Senior Services (CSS).

Recommendation

There are no recommendations for this section.

PERFORMANCE OUTCOMES**Objective**

Determine whether Maravilla met the planned performance measures as outlined in the County contract. In addition, to verify the accuracy of the performance outcomes reported to the Workforce Investment Board (WIB).

Verification

At the time of our review, the performance outcomes for Fiscal Year (FY) 2007-08 were not available. As such, we compared the reported FY 2006-07 actual performance outcomes to the planned performance measures outlined in the County contract and to the program activities reported on the Job Training Automation (JTA) system. In addition, we reviewed the documentation contained in the case files for five (26%) of the 19 program participants reported as having completed training and/or placed in employment during FY 2006-07.

Results

The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment. Generally, Maravilla's FY 2006-07 actual performance outcomes were accurately reported to the WIB and the case files contained documentation to support the program activities reported on the JTA system. In addition, Maravilla met the planned performance measures outlined in the County contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's September 2007 bank reconciliation.

Results

Maravilla maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 13 non-payroll expenditure transactions billed by the Agency for July and September 2007, totaling \$10,130.

Results

Maravilla's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Maravilla maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Maravilla's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's equipment and inventory listing. In addition, we performed a physical inventory and reviewed the usage of 15 items purchased with WIA funds, totaling \$12,980.

Results

Maravilla used the items purchased with WIA funding for the WIA program. In addition, the items were appropriately safeguarded.

Recommendation

There are no recommendations for the section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for two employees totaling \$6,216 for July 2007 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for three employees assigned to the WIA program.

Results

Maravilla appropriately charged payroll expenses to the WIA program. In addition, Maravilla's personnel files were properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in July and September 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Maravilla's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's Fiscal Year (FY) 2006-07 final close-out invoice reconciled to the agency's financial accounting records.

Verification

We traced the Agency's FY 2006-07 general ledger to the Agency's final close-out invoice for FY 2006-07. We also reviewed a sample of expenditures incurred in February and June 2007.

Results

Maravilla's final close-out invoice reconciled to the Agency's financial records.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

We did not perform test work in this section as Maravilla did not have any outstanding recommendations from FY 2006-07 monitoring review.